

# THE COMMONWEALTH OF MASSACHUSETTS State Board of Retirement

ONE ASHBURTON PLACE, BOSTON, MA 02108-1607

## NEWSLETTER



Timothy P. Cahill

### Welcome to the 5th edition of the Active Member Newsletter

*The days are getting shorter and kids are back at school—which means it's time for public employees to study up on all the available options and programs for retirement and pre-tax savings.*

*Our newest offering is **SMART Retirement & Beyond**, a retirement planning seminar series exclusively for Massachusetts State Employees. At these seminars,*

*which will be held in eleven convenient locations across the state, you will learn important facts and details about your benefits and have the opportunity to ask questions about retirement, deferred compensation and Social Security. More information is on page 3 of this newsletter.*

*I also urge you to talk with your Human Resources coordinator and take advantage of open enrollment for **flexible spending accounts**. These pre-tax savings programs can be used for out-of-pocket health care expenses and child care and other dependent care expenses. More information is on page 4 of this newsletter.*

*Should you have any questions, comments, suggestions or contributions for future newsletters, please do not hesitate to contact the State Board of Retirement.*

*I hope you enjoy the fall edition of our newsletter. On behalf of the Board of Retirement, thank you for your service to the Commonwealth.*

Timothy P. Cahill  
Treasurer and Receiver General  
The Commonwealth of Massachusetts

### In This Issue

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1 Meet the Treasurer</li> <li>2 Contract Service Buy Back<br/>Average Pensions, 2005</li> <li>3 PRIM Board Update<br/>"SMART Retirement &amp; Beyond" Seminars</li> </ul> | <ul style="list-style-type: none"> <li>4 Frequently Asked Questions<br/>Open Enrollment:<br/>GIC's Pre-Tax Program<br/>Important Dates</li> </ul> |
|--|---|



### STATE BOARD OF RETIREMENT

#### MEMBERS OF THE BOARD

##### Chairman

Treasurer Timothy P. Cahill

##### Elected Members

Ralph White

Theresa McGoldrick, Esq.

##### Appointed Member

Peter Koutoujian, Sr.

##### Chosen Member

Chris S. Condon

##### Executive Director

Nicola Favorito, Esq.

#### MAIN OFFICE

##### Address:

One Ashburton Place, Room 1219  
Boston, MA 02108-1607

##### Office Hours:

7:45 a.m.–5:00 p.m. M–F

**Phone:** (617) 367-7770

**Fax:** (617) 723-1438

#### REGIONAL OFFICE

##### Address:

436 Dwight Street, Room 109A  
Springfield, MA 01103

##### Office Hours:

8:45 a.m.–5:00 p.m. M–F

**Phone:** (413) 730-6135

**Fax:** (413) 730-6139

#### PHONE TOLL-FREE

1-800-392-6014 (Mass. only)

#### Automated Phone Options

Retirement Counselor . . . . 1  
Disability . . . . . 2  
Survivor Benefits . . . . . 5  
Buyback . . . . . 6  
Withdrawal/Refund . . . . . 7  
Direct Deposit . . . . . 8

#### EMAIL

SRB@tre.state.ma.us

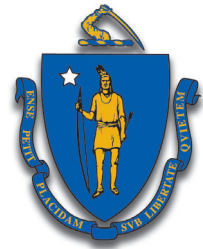
#### WEB SITE

www.mass.gov/treasury

## Contract Service “Buy Back”

Beginning in October, if you have ten years of creditable service with the State Employees' Retirement System and had previously provided service as a “contract employee” you may be eligible to purchase that contract service as creditable service toward your retirement.

Please contact the State Retirement Board for details and eligibility guidelines, or visit our web site at <http://www.mass.gov/treasury/srb.htm>. (617) 367-7770; 1-800-392-6014 (Within Mass.)



**To purchase creditable service for service provided to the Commonwealth as a “contract employee”, a member of the State Employees' Retirement System (“SERS”) must meet the following requirements:**

- Must currently be a member in service of SERS with at least ten (10) years of state service. (This does not include other service time with cities, towns or counties of the Commonwealth).
- The contract employee service being purchased must have immediately preceded membership or re-entry into SERS.
- The contract service being purchased must have been service to the Commonwealth, not service to a city, town, county or other governmental entity.
- The job description of the contract service position must have been substantially similar to the job description the member held upon becoming an employee and a member of the SERS.
- The maximum amount of contract service eligible to be purchased is four (4) years.
- Eligible part-time contract service shall be credited on a proportional basis.
- The cost to purchase contract service is the amount equal to that which would have been withheld as regular retirement deductions for the contract service as if the service had been rendered as a state employee, and the individual had been a member of the SERS, plus buyback interest of 4.125%.

*Prior to purchasing any eligible contract service, a member must have the Contract Service Buy Back Form completed by the State agency where the contract service was provided and submit the required documentation to the State Retirement Board for review and approval.*

## Average Pension for State and Local Government Employees, 2005

**Based on data from the United States Census Bureau Massachusetts state and local public retirees rank 15th when comparing average pensions among the states in 2005<sup>1</sup>. The Census Bureau reported more than 371,000 active/inactive members, and more than 169,000 retirees/beneficiaries from the 100 Massachusetts retirement systems that responded to the Bureau's survey. Massachusetts has 106 public employee retirement systems including the State Employees' Retirement System.**

Rank	State	Average Benefit	Rank, Employee Contributions as a % of Total Receipts	Employee Contributions as a % of Total Receipts	Rank	State	Average Benefit	Rank, Employee Contributions as a % of Total Receipts	Employee Contributions as a % of Total Receipts	Rank	State	Average Benefit	Rank, Employee Contributions as a % of Total Receipts	Employee Contributions as a % of Total Receipts
1	Connecticut	\$28,170	6	16%	18	Minnesota	20,032	26	10%	35	Arkansas	16,207	42	5%
2	Colorado	26,527	32	9%	19	Arizona	19,326	7	16%	36	Oklahoma	15,991	16	12%
3	Nevada	25,953	46	3%	20	Maine	19,281	27	10%	37	North Carolina	15,889	15	12%
4	New Jersey	25,953	3	18%	21	Florida	18,963	49	1%	38	New Hampshire	15,486	1	22%
5	Rhode Island	25,080	11	13%	22	New Mexico	18,630	9	14%	39	Delaware	15,003	39	6%
6	California	24,244	31	9%	23	Missouri	18,327	30	9%	40	Idaho	13,195	18	12%
7	Alaska	24,014	24	11%	24	Kentucky	18,199	2	18%	41	Tennessee	13,065	37	7%
8	New York	23,891	45	4%	25	Maryland	18,099	40	6%	42	Indiana	12,900	29	10%
9	Oregon	22,776	50	0%	26	Washington	17,754	43	4%	43	South Dakota	12,556	35	8%
10	Illinois	22,610	10	14%	27	Nebraska	17,577	13	13%	44	Vermont	12,423	17	12%
11	Georgia	22,543	34	8%	28	Louisiana	17,567	23	11%	45	Wyoming	12,384	25	11%
12	Wisconsin	22,286	38	6%	29	Mississippi	17,474	8	15%	46	West Virginia	12,348	36	8%
13	Texas	21,480	22	12%	30	Michigan	17,088	41	5%	47	Montana	12,077	5	17%
14	Ohio	21,100	21	12%	31	Utah	16,737	48	1%	48	Kansas	11,741	19	12%
<b>15</b>	<b>Massachusetts</b>	<b>20,902</b>	<b>12</b>	<b>13%</b>	32	Alabama	16,658	20	12%	49	North Dakota	11,661	14	13%
16	Pennsylvania	20,385	28	10%	33	South Carolina	16,401	4	17%	50	Iowa	11,591	33	9%
17	Hawaii	20,310	44	4%	34	Virginia	16,390	47	2%	<b>U.S. Average</b>		<b>\$20,474</b>		<b>9%</b>

<sup>1</sup> The data was compiled by the Public Policy Institute of New York State, Inc.

## PRIM Board Update: September 2006

The Pension Reserves Investment Trust (PRIT) Fund is a pooled investment fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems, and the assets of county, authority, district, and municipal retirement systems that choose to invest in the Fund. The PRIT Fund was created by the Legislature in December 1983. The nine-member PRIM Board is responsible for the management of the PRIT Fund. The Treasurer and Receiver General of the Commonwealth is a member *ex officio* and serves as the chair. The State Employees' Retirement System also has two representatives on the Board: the members of that Retirement System elect one and one is an Elected Member of the State Employees' Retirement Board.

### Market Recap – September 2006

#### DOMESTIC EQUITY MARKETS:

Index	Month	3rd QTR
S&P 500 (ex-tob.)	2.71%	5.63%
DOW	2.74%	5.35%
NASDAQ	3.42%	3.97%
Wilshire 5000	2.20%	4.47%
Russell 2500	1.22%	0.52%

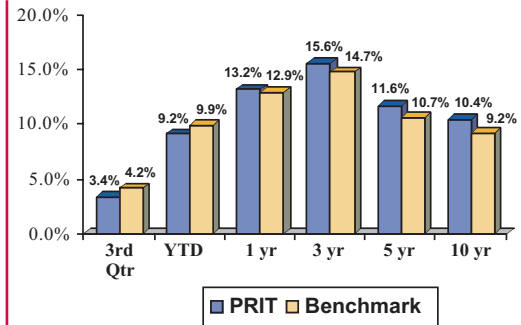
#### INTERNATIONAL & EMERGING MARKETS EQUITIES:

Index	Month	3rd QTR
MSCI EAFE	0.15%	3.93%
MSCI EMF (net)	0.84%	5.01%

#### FIXED INCOME & HIGH YIELD MARKETS:

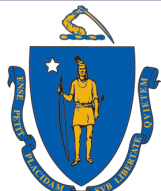
Index	Month	3rd QTR
LB Aggregate	0.88%	3.81%
ML HY Master II	1.32%	4.05%
TIPS	0.24%	3.64%

### PRIT Core Fund as of 09/30/06



The PRIT Core Fund ended September 2006 with \$43.5 billion, up \$3.5 billion from the beginning of the year, net of redemptions. Year to date 2006, the PRIT Core Fund returned 9.15%, which is on pace to exceed the actuarial benchmark return of 8.25% as set by the legislature. The PRIT Core Fund returned 1.16% for September and 3.40% for the 3rd quarter.

For more information about PRIM Board, please visit their website at [www.mapension.com](http://www.mapension.com) ■



Massachusetts State Board of Retirement

## SMART & Beyond RETIREMENT



Join us for **SMART Retirement & Beyond**, a retirement planning seminar series exclusively for Massachusetts State Employees sponsored by State Treasurer **Timothy P. Cahill**, the Massachusetts State Board of Retirement and the Deferred Compensation SMART Plan.

*This seminar is designed to provide you with the information and tools needed to help achieve financial security and comfort in retirement.*

#### IN THIS SEMINAR YOU WILL LEARN:

- Important facts and details about your benefits available through the Massachusetts State Employees' Retirement System such as:
  - Membership & Creditable Service – Retirement Options – Survivor Benefits
- How much income you will need to enjoy retirement.
- How to keep inflation from shrinking your retirement nest egg.
- How and when to withdraw from your SMART Plan and other retirement accounts.
- Common mistakes people make regarding investments and retirement planning and how to avoid them.
- A representative from the Social Security Administration will be on hand to answer questions.

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#### SEMINAR LOCATIONS:

Seminars are conveniently scheduled in the evening at locations across Massachusetts. Space is limited. Register today at [www.mass.gov/treasury/financialed.htm](http://www.mass.gov/treasury/financialed.htm) or contact the Financial Education Division at 617-367-6900.

#### WORCESTER

November 2, 2006  
Quinsigamond Community College  
Harrington Learning Center (Library)  
670 West Boylston Street  
6:00 – 8:00 p.m.

#### FITCHBURG

November 9, 2006  
Fitchburg State College  
Percival Building  
444 Green Street  
6:00 – 8:00 p.m.

For additional seminar locations please go to [www.mass.gov/treasury/fineducation/SRBREG.htm](http://www.mass.gov/treasury/fineducation/SRBREG.htm)

## Frequently Asked Questions

### ***Where do my Retirement contributions end up?***

While you are actively employed your contributions are pooled with those of other active members and are invested in the Pension Reserves Investment Trust (PRIT). PRIT is a pooled investment fund that invests the pension reserve assets of the State employees and State Teachers Retirement System.

### ***How many years do I have to work before I am vested?***

Generally most State employees are vested after accumulating 10 years of creditable service.

### ***Can I borrow from my retirement account?***

No. Under State law your retirement account has no provisions for withdrawal under any circumstance, including mortgage down payment or college education.

### ***What happens if I leave State service and then come back?***

Retirement contributions may remain with the Retirement Board unless the member requests a refund or rollover. Your contributions continue to accrue interest for two years after your separation.

## Free HCSA Debit Card! Lower Fee! New Vendor!

### It's Open Enrollment Time for GIC's Pre-Tax Programs for Active Employees

**October 10 – November 10, 2006**

***Open enrollment time is here for the GIC's money-saving  
Flexible Spending Accounts (FSA) — the Health Care Spending Account  
for out of pocket health care expenses and the Dependent Care Assistance Program  
for child care and other dependent care expenses.  
Enroll anytime between Tuesday, October 10 and Friday, November 10  
for calendar year benefits effective January 1, 2007***

**New This Year:** The GIC has selected **SHPS** as the new plan administrator for the HCSA and DCAP programs effective January 1, 2007. As of January 1, 2007 SHPS will be responsible for reimbursing claims incurred during the 2006 and 2007 plan years.

For more information about the HCSA/DCAP, contact SHPS at **1-866-862-2422**. Completed HCSA/DCAP applications need to be returned to your Payroll Coordinator by November 10, 2006 to enjoy tax savings in 2007.

## Important Dates to Remember

### **November 2006**

Thursday, November 23 | Thanksgiving Day

### **December 2006**

Monday, December 25 | Christmas Day

## Reminder:

**Please Notify your  
Human Resources  
Coordinator of any  
Change of Address**